Economic Substance Regulations UAE

IMPORTANCE OF ECONOMIC SUBSTANCE REGULATIONS UAE

The ***Economic Substance Regulations*** – ESR are effective in UAE since April 2019 and it requires all mainland and Free Zone companies established in the UAE, ("Licensees") to notify the relevant Regulatory Authority whether their activities fall within the scope of a 'Relevant Activity' or not on an annual basis.

Scope of the Economic Substance Regulations UAE

As per the Regulations, the notification has to be made with effect from 1 January 2020 followed by a report before 31 December 2020, if applicable.

In line with the Regulations, the DIFC, ADGM, RAK ICC and Ajman Free Zone have provided guidance regarding the notification submission to their Licensees. Other Regulatory Authorities are also expected to release guidance as well in the following months.

As per the guidance, DIFC and ADGM announced a deadline of 31 March 2020 and RAK ICC and Ajman Free Zone announced the deadline of 30 June 2020 for the submission of the notification for Economic substance requirement.

However, given the current situation due to COVID – 19, DIFC and ADGM Free Zones have postponed the deadline of 31 March 2020 and will communicate the new deadlines to their Licensees.

Considering the wide scope of the ESR, it is imperative for businesses to already start assesing their obligations and take proactive actions to meet the reporting requirements.

KGRN Chartered Accountants can conduct an impact analysis – studying and analyzing the effect of the new economic substance regulations on your existing businesses.

Identify gaps in level of economic substance in affected entities and consider remediation options where gaps are identified. KGRN Chartered Accountants can assist in relevant compliances under the new regulations.

For more info please contact :

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